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October 8, 2005

**REVISED**

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

SUBJECT: **KDMC Hospital Advisory Board By-Laws**

While the HAB has taken time to mature as a board, I have seen progress and value in the HAB. Specifically, the HAB has provided value to the Department and the management of KDMC in the following ways:

- Critical and experienced review of Navigant's progress
- Expertise and actions to enhance quality of care through the Subcommittee on Quality
- Active participation in the selection of the new Chief Executive Officer
- Thoughtful review of the capital asset / equipment request
- Support of the Department's outreach to private sector and academic nursing leadership
- Personal assessments of patient safety by participation in safety rounds
- Critical questioning of the management of clinical cases and of corrections made

The HAB was proposed by Navigant and approved by your Board with a very specific charge: direct oversight of the business operations at KDMC. The membership was purposely kept small and tailored to meet this highly focused and difficult assignment.

The goal was the creation of a hospital board that was objective, not conflicted by other professional or community activities, and able to provide the same kind of strong business leadership that guides local hospital systems. Since its inception, the HAB has more than doubled its original membership and has incrementally expanded its focus to include community health planning activities. While community health planning is a valuable activity, it is distinctly different from the day-to-day operations of a hospital. Furthermore, the addition of a wide variety of community stakeholders has resulted in a HAB that is far more professionally conflicted and significantly less focused on hospital management. Strong hospital management and community health planning are both important functions that require talented leadership. However, these goals and the expertise necessary to accomplish them are different and they should be divided.

Whether the HAB becomes the “actual governing body over KDMC” is your Board’s decision to make. I strongly oppose a separate HAB over each of the Department’s medical centers. The trend in health care, as in other sectors of the economy, is toward consolidation and the formation of larger systems. Larger systems can leverage their size to drive down the price of supplies and system support services that require automation and expertise. To create an individual HAB at each medical center would greatly complicate the evolution to a true safety-net system.

As a next step, I recommend the following:

- Create Community Advisory Councils for each DHS Network (ValleyCare, Northeast, Southwest, Coastal) and Antelope Valley, and assure that they meet regularly and that they keep and publish minutes of their meetings.
- Reconstitute the HAB as the designers and ultimately the governing body for a Los Angeles Health Authority:
  - Select members carefully (develop a process modeled on the December 12, 1995 Margolin report on governance and the recent 2004-2005 LAC Civil Grand Jury Report) with the aim of independence and expertise (specifically exclude members who represent employees, the County, affiliated institutions, contractors and direct competitors to DHS)
  - Focus your Board’s efforts on healthcare policy and define your Board’s priorities regarding patients served and your total healthcare budget
  - Delegate the operation of DHS to the new entity
  - Empower the new entity to create a new governance and operational model for an effective safety-net healthcare delivery system in Los Angeles County that learns from and draws its principles from successful quasi-governmental entities such as the LAC Metropolitan Transportation Authority, LA Care, First 5 LA, the Tennessee Valley Authority (TVA) and the Denver Health and Hospital Authority.

While we could all spend much effort on the nuances of how many members are on the HAB and who gets to vote, my assessment is that the changes that are needed to govern a healthcare system properly are better met by attacking the broader issue. Even as we fight the fires at KDMC, we must remove the brush from our system.

TLG:tlg

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors